

Message Text

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ACTION EA-09

INFO OCT-01 IO-13 ISO-00 EB-08 STR-04 L-03 FEA-01
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03
H-01 INR-07 INT-05 LAB-04 NSAE-00 NSC-05 PA-01
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
OMB-01 /097 W

-----046180 160208Z /75

R 160035Z AUG 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3763

INFO USMISSION GENEVA

C O N F I D E N T I A L MANILA 12723

USMTN

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJECT: US/PHILIPPINE ECONOMIC PRE-NEGOTIATIONS

REF: STATE 181240

SUMMARY: IN VIEW OF VIRATA'S ABSENCE FROM MANILA TO ATTEND ASEAN MEETING AND HIS SUBSEQUENT OCCUPATION WITH FUKUDA VISIT, WE HAVE BRIEFED HIS DEPUTY, UNDERSECRETARY OF FINANCE PIO DE RODA, ON VEGA/HEGINBOTHAM DISCUSSIONS. PIO DE RODA WAS INTERESTED IN WHETHER USG HAD "ANY FLEXIBILITY" IN MODIFYING ITS NATIONAL TREATMENT POLICY AND APPRECIATED OUR RELUCTANCE TO MAKE A MAJOR DEPARTURE FROM THIS POLICY. EMBOFFS SUBSEQUENTLY DISCUSSED SUBJECT WITH VEGA WHO STATED THAT HIS IMPRESSION OF THE WASHINGTON TALKS WAS THAT "WE WERE VERY CLOSE TO EACH OTHER." VEGA HAD EXPECTED EMBOFFS TO PROVIDE HIM WITH NEW GSP WAIVER TEXT AND WAS DISAPPOINTED THAT IT WAS NOT AVAILABLE.

1. SINCE IT APPEARED THAT IT WOULD BE SOMETIME BEFORE VIRATA

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WOULD BE AVAILABLE, ESPECIALLY IN VIEW OF THE UPCOMING FUKUDA VISIT ON AUGUST 17-18, WE THOUGHT IT WOULD BE USEFUL IF A SENIOR GOP OFFICIAL BE BRIEFED ON THE VEGA/HEGINBOTHAM DISCUSSIONS AT AN EARLY DATE. EMBOFFS THEREFORE CALLED AUGUST 9 ON VIRATA'S DEPUTY, UNDERSECRETARY OF FINANCE PIO DE RODA WHO ALSO HAS HAD EXTENSIVE EXPERIENCE IN US/RP NEGOTIATIONS, HAVING CHAIRED THE GOP DELEGATIONS ON THE TAX AND

TEXTILE TALKS.

2. PIO DE RODA WAS FAMILIAR WITH THE SUBJECT AND HAD A GOOD GRASP OF THE NUANCES INVOLVED. HE WAS PARTICULARLY INTERESTED IN WHETHER THE UNITED STATES HAD "ANY FLEXIBILITY" IN MODIFYING ITS NATIONAL TREATMENT POLICY ON INVESTMENT GUARANTEES. WE REPEATED OUR STANDARD LINE THAT WE WERE NOT INTERESTED IN A FORMAL AGREEMENT GUARANTEEING MFN TREATMENT, WHICH, IN PRACTICE, WE ALREADY HAVE. WE ALSO NOTED THAT WE HAD MODIFIED OUR POSITION ON NATIONAL TREATMENT SOMEWHAT IN OUR DRAFT TABLED IN THE 1976 TALKS, THAT IT WAS UNLIKELY THAT WE COULD MAKE A MAJOR DEPARTURE FROM THE PRINCIPLE OF NATIONAL TREATMENT. SUCH A DEPARTURE WOULD JEOPARDIZE OUR LONG-STANDING INVESTMENT POLICY, WHICH IS EMBODIED IN OTHER TREATIES, AND REMOVE THE QUID PRO QUO WHICH WE WERE SEEKING IN RETURN FOR TRADE CONCESSIONS. AT THIS POINT WE EMPHASIZED THAT, WHILE WE UNDERSTAND THE GOP PROBLEMS IN GRANTING INVESTMENT GUARANTEES, WE WILL ALSO FIND IT DIFFICULT TO SATISFY THE GOP REQUEST FOR GSP WAIVER.

3. PIO DE RODA STATED THAT HE WOULD REPEAT OUR BRIEFING TO VIRATA, AND OPINED THAT VIRATA MAY WISH TO DISCUSS THE SUBJECT WITH US AFTER HE SEES VEGA. HE SEEMED TO APPRECIATE THE GAP BETWEEN OUR RESPECTIVE POSITIONS.

4. ON AUGUST 12 VEGA'S SECRETARY CALLED ACTING E/C COUNSELOR
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AND ARRANGED FOR A MEETING IN VEGA'S ROOM IN THE HYATT WHERE HE IS STAYING. VEGA CLEARLY EXPECTED THAT WE WOULD BE PASSING HIM THE NEW DRAFT HYPOTETICAL TEXT ON GSP WAIVER. HE STATED THAT HE HAD ASKED STEVE LANDE OF STR FOR A NEW TEXT ON GSP "ON THE ASSUMPTION THAT THE GOP ARTICLE ON INVESTMENT IS ACCEPTABLE TO THE UNITED STATES." COMMENT: DURING THE 35 MINUTE CALL VEGA CONCENTRATED ON HIS MEETING WITH LANDE, WHICH HE CHARACTERIZED AS "AN INTER-AGENCY MEETING" WITH FIVE REPRESENTATIVES OF THE USG PRESENT. VEGA AVOIDED REFERRING TO THE MEETING WITH HEGINBOTHAM.

5. WHEN WE INDICATED THAT WE SEEM TO BE STILL FAR APART IN OUR POSITIONS, VEGA DISAGREED AND QUESTIONED WHETHER OUR CONCLUSION WAS DIFFERENT FROM THAT OF WASHINGTON. WE THEN ASKED HIM WHAT HIS PERCEPTION OF THE WASHINGTON DISCUSSION WAS, TO WHICH HE REPLIED, "WE WERE VERY CLOSE TO EACH OTHER." VEGA SAID HE WANTED "TO WRAP UP" THE US/RP TREATY WHICH IS ONLY REMAINING RESPONSIBILITY EXTRANEIOUS TO HIS DUTIES FOR EUROPEAN ECONOMIC AFFAIRS. (VEGA IS NOW DCM IN BONN BUT RECENTLY RECEIVED THE TITLE "UNDERSECRETARY OF TRADE FOR EUROPEAN AFFAIRS." HE IS ALSO CONCURRENTLY GOP REPRESENTATIVE TO THE MTN TALKS.)

6. COMMENT: IT WAS OBVIOUS, AS IT HAS BEEN FOR THE LAST THREE YEARS, THAT VEGA IS EXTREMELY ANXIOUS TO NEGOTIATE AND CONCLUDE AN ECONOMIC TREATY WITH THE UNITED STATES. HE THUS TENDS TO GLOSS OVER DIFFICULTIES AND PUTS THE MOST OPTIMISTIC INTERPRETATION ON A SITUATION. OUR IMPRESSION ON READING DEPTTEL WAS THAT WE WERE STILL FAR APART, BUT THE AGREEMENT TO PROVIDE A NEW GSP WAIVER TEXT, WHEN SEEN IN THE LIGHT OF VEGA'S STATED ASSUMPTION, COULD READILY GIVE NEW HOPE AND OPTIMISM TO VEGA. IN HINDSIGHT, WE BELIEVE THE EARLIER CALL ON VIRATA'S DEPUTY WAS WISE SINCE IT GAVE THE GOP A MORE SOBER AND ACCURATE RENDITION OF WHAT WAS SAID IN WASHINGTON.

7. WE HAVE JUST RECEIVED STATE 191837 TRANSMITTING PROPOSED
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HYPOTHETICAL COMPETITIVE NEED WAIVER LANGUAGE. WE WILL SEEK
EARLY APPOINTMENT WITH VEGA AND WILL CALBE GOP TEXT ON
INVESTMENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Handling Restrictions: n/a
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